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CIRCUIT COURT OF
BALDWIN COUNTY, ALABAMA
JODY L. WISE, CLERK

Exhibit 1



STATE OF ALABAMA
DEPARTMENT OF EDUCATION



Eric G. Mackey, Ed.D.
State Superintendent of Education

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State Board
of Education

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District VIII

Eric G. Mackey, Ed.D.
Secretary and
Executive Officer

December 20, 2018

Mr. Carl Edward Tyler, Jr.
Superintendent
Baldwin County School System
2600-A North Hand Avenue
Bay Minette, AL 36507-4180

Dr. Matt Akin
Superintendent
Gulf Shores City School System
P.O. Box 3908
Gulf Shores, AL 36547

Dear Mr. Tyler and Dr. Akin:

Attached to this correspondence you will find my preliminary decision(s) related to the separation issues between the Gulf Shores Board of Education (GSBE) and the Baldwin County Board of Education (BCBE). I wish to express my appreciation to you, your board members, and your legal teams for joining us in Montgomery on Monday afternoon, December 14, 2018, to discuss these important issues. I also thank you for the many open, candid, and informative conversations that we have had over the past several months related to the separation.

I would be remiss, however, if I did not express my disappointment in the delayed proceedings and lack of complete communications. I met with both of you and your legal counselors on July 25, 2018 and laid out a timeline, making it very clear that a final settlement was to be signed and executed by December 14, 2018. As that day drew near it became apparent that only through the direct intervention of the Alabama State Department of Education would we be able to move forward, weeks behind the established timeline. I was further disappointed to discover that relevant correspondence had passed back and forth between counsel without any notice or copies provided to myself or my legal representatives. Again, I thought that I had made it perfectly clear that Anna Davis with the firm Adams and Reese was to be included in all such correspondence. Even though those correspondences were referred to multiple times on Monday afternoon, I could not even obtain copied of them until the next morning. Obviously, I was not clear enough.

Therefore, as we move into the final decision-making and settlement phase, I trust that you will make it extremely clear to your respective counselors that they will be timely and open with all communication. I will tolerate no further delays, and you are hereby instructed to notify your counselors that Ms. Davis is to be copied on all correspondence back and forth between them related to this separation.

Mr. Carl Edward Tyler, Jr.
Dr. Matt Akin
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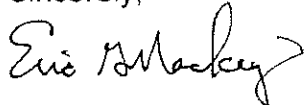
Therefore, as we move into the final decision-making and settlement phase, I trust that you will make it extremely clear to your respective counselors that they will be timely and open with all communication. I will tolerate no further delays, and you are hereby instructed to notify your counselors that Ms. Davis is to be copied on all correspondence back and forth between them related to this separation.

Any response to the attached preliminary decision should be addressed to me and copied to Ms. Davis as well as my General Counsel, Jason Swann, no later than 5 p.m. January 8, 2019. You should further inform your respective board members that there will be no further delay and that they will make any and all efforts necessary to complete the final settlement agreement on or before January 18, 2019, as originally established by Interim State Superintendent Dr. Ed Richardson.

In a related matter, I have received some phone calls expressing concerns that other cities in Baldwin County might be watching these events closely, in anticipation that they might also consider a separation. As any city officials considering such may contact either of you, I feel compelled to address that issue in this letter. Even though the Department takes no stance—either pro or con—in regard to new city school systems, any city considering the formation of its own system should proceed with utmost caution and clarity. In this particular case, the city government of Gulf Shores will have had to front all start-up, planning, and administrative costs for approximately 18 months and will operate the schools with no real property ad valorem tax receipts for its first full semester. Through the first half of 2019, they will continue to front major start-up costs. As others may contact you, I hope that you will convey to them that no such separation should be undertaken lightly or without serious deliberation and commitment to the financial investment necessary prior to any actions taken.

Thank you for your leadership and service.

Sincerely,



Eric G. Mackey
State Superintendent of Education

cc: Mr. Andy Craig, Deputy State Superintendent for Finance and
Administration
Mr. J. Jason Swann, General Counsel
Mrs. Jackie Zeigler, State Board of Education Member, District 1

Preliminary Decision(s)
Related to the Separation Issues Between the
Gulf Shores Board of Education
and the Baldwin County Board of Education

The Baldwin County Board of Education (BCBE) and the Gulf Shores Board of Education (GSBE) have asked me to consider the outstanding matters regarding their imminent separation and to render a final decision of separation issues. I truly appreciate the candor and insight provided in various interactions with each of the local superintendents and board counselors. Through your cooperative efforts over the past few months we have been able to identify each parties' relative positions, resolve some pertinent issues and to identify the remaining ones. The remaining separation issues, in broad terms, are:

1. How will current Gulf Shores students be treated with respect to attendance status for the 2019-20 school year and how will Foundation Program funding for FY20 be established?
2. How will personnel currently assigned to Gulf Shores Middle and High School be selected/assigned for the 2019-20 school year? (It is understood that current personnel at Gulf Shores Elementary School will stay at GSES unless they resign or request a transfer, consistent with existing employee transfer policies, to another BCBE school)
3. When will the Gulf Shores Board assume responsibility for the general administration and supervision of the Gulf Shores schools? (i.e. official separation date)
4. When will the County-wide taxes begin to be allocated, apportioned, and distributed between the BCBE and the GSBE?
5. How will September 2019 payroll for personnel currently employed by BCBE and assigned to GSBE be addressed?

In accordance with the authority granted to the State Superintendent pursuant to Alabama Code § 16-4-8 and other applicable law, and pursuant to my thorough review of submitted documents, including in depth input from the parties herein, this document shall outline what I have determined to be the immediate and binding resolutions necessary for the 2019/2020 school year to facilitate an implementation plan that will ensure the long-term success of both school systems. The decisions rendered herein are based solely on what I have determined to be in the best interest of the students, parents, teachers, and communities involved in the separation.

Binding Resolutions:**Question One:**

How will current Gulf Shores students be treated with respect to attendance status for the 2019-20 school year and how will Foundation Program funding for FY20 be established?

FUNDING:

For purposes of the FY20 Foundation Program allocation and all allocations following that distribution formula as prescribed by law, the following assignments shall be utilized based on the enrollment as of the 2018-19 Average Daily Membership Report (ADM):

- **GSBE:**
 - All K-8 students who reside within the corporate limits of Town of Gulf Shores
 - All rising tenth grade students who choose to remain at Gulf Shores High School
 - All high school students, no matter their residence
- **BCBE:**
 - All K-6 students in Orange Beach Elementary School who do not reside with the corporate limits of the Town of Gulf Shores
 - All 7-8 students in Gulf Shores Middle School, but who reside outside the corporate limits of the Town of Gulf Shores
 - All rising tenth grade students who choose to attend Orange Beach High School
- **For FY 21 and beyond, calculations shall be made based on prior year attendance in accordance with standard State Department of Education practices and policy.**

SCHOOL ATTENDANCE

- **Fall 2019 all eleventh and twelfth grade students in both Gulf Shores and Orange Beach will be assigned to Gulf Shores High School.**
- **Fall 2019 Kindergarten through rising ninth grade students;**
 - Kindergarten through rising ninth grade students residing within the corporate limits of the Town of Gulf Shores will attend GSBE schools.
 - Kindergarten through rising ninth grade students residing outside the corporate limits of the Town of Gulf Shores shall attend BCBE schools as assigned by the BCBE.

- Rising tenth grade students who reside outside the corporate limits of the Town of Gulf Shores will be given their choice of attending Gulf Shores High School or another high school option provided by the BCBE
- Nothing in this section shall prevent either board of education from establishing out-of-district attendance policies including but not limited to the attendance of younger siblings of said students referenced herein.

Question Two

How will personnel currently assigned to Gulf Shores Middle and High School be selected/assigned for the 2019-20 school year?

Due to the reshuffling of student attendance zones, all three Gulf Shores schools will have reduced teacher units for the 2019-20 school year, and will need to reduce other school personnel accordingly. As much as is practicable, teachers and personnel should be given the opportunity to choose whether to continue working in the Gulf Shores schools or to continue employment with BCBE.

- Any teachers or other personnel currently employed in the Gulf Shores schools who wish to continue employment with BCBE shall request a transfer to another school subject to BCBE policy.
- In addition to transfer requests, natural attrition through retirements, resignations, and non-renewals will alleviate some pressure for teacher units and other personnel.
- After choice and natural attrition, if there remains a statistical disparity between the pro rata shares assigned to either the GSBE or the BCBE, the teachers shall be awarded their school system of choice in order of seniority until the respective pro rata shares are achieved.
- Any other remaining personnel not contemplated herein shall be treated as addressed above.
- Any employment contract involving Principals as of the date of this document shall be honored by the BCBE consistent with all the terms and conditions of said contracts.
- GSBE will be responsible to select and contract with its own principals.

Question Three:

When will the Gulf Shores Board assume responsibility for the general administration and supervision of the Gulf Shores schools? (i.e. official separation date)

The GSBE shall assume full legal responsibility for the general administration and supervision of the Gulf Shores Schools beginning June 1, 2019.

Question Four:

When will the County-wide taxes begin to be allocated, apportioned, and distributed between the BCBE and the GSBE?

(1) Ad valorem taxes. Beginning October 1, 2019, the net proceeds of ad valorem taxes levied countywide by the Baldwin County Commission on property situated in Baldwin County shall be allocated, apportioned and distributed between the BCBE and the GSBE as directed by State law; presently section 16-13-31(b) of the Code of Alabama 1975 provides that the allocation, apportionment and distribution of countywide taxes shall be on the basis on which Foundation Program moneys are allocated, apportioned and distributed within the County. Beginning October 1, 2019, the net proceeds of district ad valorem taxes levied by the Baldwin County Commission on property situated within the Gulf Shores School Tax District (the boundaries of which are coterminous with the corporate limits of the City of Gulf Shores) shall be paid to the GSBE.

(2) Sales and Use Taxes. Commencing June 1, 2019, the net proceeds of sales and use taxes levied countywide for school purposes in Baldwin County shall be apportioned monthly to the BCBE and the GSBE on the same basis as Foundation Program moneys are allocated, apportioned and distributed within the County.

Question Five:

How will September 2019 payroll for personnel currently employed by BCBE and assigned to Gulf Shores GSBE be addressed handled?

The ALSDE will divide the Foundation Program allocation, assigning to GSBE its pro rata share based on FY20 calculations.

Any issues not specifically addressed or fully resolved herein shall remain in the full legal purview of the State Superintendent of Education as provided by law.

Precedential Effect on Other City School Board Separations

This decision is not intended to have any precedential effect on other city school board separations. To the contrary, each city school board separation presents unique challenges and issues and should be evaluation on a case-by-case basis.